

Statement of John D'Arrigo, Chairman, Western Growers

House Committee on Government Reform

Subcommittee on Energy Policy, Natural Resources and Regulatory Affairs

Field Hearing on "Problems Facing the Specialty Crop Industry"

December 12, 2003, Salinas, California

Introduction

Mr. Chairman, thank you for the opportunity to testify today concerning federal agriculture policy for specialty crops. I want to commend you for coming to Salinas to discuss the many important challenges facing specialty crop growers.

At the present time, growers of specialty crops face a crisis of competitiveness that cannot be ignored by Congress and the Bush Administration. As markets become increasingly globalized, as federal and state regulation of our industry increases, and as trade barriers continue to deny our growers access to foreign markets, it is becoming more and more difficult for growers to compete against foreign producers who are heavily subsidized and/or minimally regulated in both the domestic and international markets.

USDA's Economic Research Service recently issued a report entitled "Agriculture Economy Improves in 2003." This report noted that, in the aggregate across the nation, net farm income is forecast to increase by 14% in 2003. However, the report also noted that "not all farm types or regions will experience similar income growth. . . . Producers of specialty crops (vegetables, fruits, nursery) are especially susceptible to higher energy and labor costs (the fastest rising expense categories in 2003). *Lower average income is expected* for these farms, since modest gains in receipts will not be enough to compensate for higher expenses (emphasis added)."

Western Growers believes that a competitive specialty crop industry is necessary for the production of an abundant, affordable supply of highly nutritious specialty crops that are vital to the health and well-being of all Americans. In addition, with all the concerns about food safety and bio-terrorism today, a secure domestic food supply is a national security imperative. My message today is that federal agriculture policy must be improved dramatically if we are to achieve these critically important objectives. Western Growers strongly supports the Specialty Crop Competitiveness Act of 2003 (H.R. 3242), legislation introduced by you, Mr. Chairman, as the best method of addressing the needs of specialty crop growers today. Western Growers wishes to commend you, Rep. Cal Dooley, and the other cosponsors of this legislation for your outstanding leadership on specialty crop issues.

Profile of the U.S. Specialty Crop Industry

The U.S. specialty crop industry consists of over 250 different types of crops, including fruits, vegetables, nuts, nursery, forage crops, flowers and winegrapes (see attachment A). This diverse array of crops was valued at approximately \$58.7 billion at the farm-gate level in 2002. The value of specialty crops is further magnified because of the critical role that growers, shippers and processors play in sustaining the economic vitality of rural areas throughout the nation. Specialty crops are grown in all 50 states and U.S. insular possessions, from Maine to Hawaii, from Alaska to Florida, and all states in between.

In addition to being the largest segment by value of the U.S. agricultural sector, specialty crop growers are large exporters. In 2002, exports of U.S. specialty crops were valued at approximately \$9.3 billion. Thus, specialty crop growers further contribute to the U.S. economy by strengthening our balance of trade with our trading partners. Also, it is important to note that specialty crops face the highest level of import competition among all agricultural crops in the U.S. domestic market, with imports valued at roughly \$11.4 billion in 2002.

As a component of specialty crops, fresh and dried fruits (including nuts) and vegetables alone were valued at \$29.9 billion at the farm gate in 2002, with \$5.5 billion being exported. There are at least 215 different types of fruit and vegetable crops being grown today throughout the United States. According to USDA, there are 81,956 farms that produce one or more types of fruit, and 31,030 farms that produce one or more types of vegetable in the United States (based on the 1997 Census for Agriculture). Although the topics discussed below are applicable to most types of specialty crops, the rest of my statement will focus specifically on fruit and vegetable growers that comprise the membership of Western Growers.

Challenges Facing Fruit and Vegetable Growers

While fruit and vegetable crops make a large contribution to our nation's economy, this economic activity is in jeopardy due to a number of challenging trends facing growers, shippers and processors today. With the increasing globalization of agricultural markets due to the growth in international trade, and dramatically increased federal and state regulation of our industries, it is becoming impossible for many U.S. growers to compete against heavily subsidized and low-cost foreign producers in both the domestic and international markets. Most importantly, U.S. growers continue to face many tariff and non-tariff trade barriers in foreign markets, including many phytosanitary barriers that are of highly questionable scientific validity.

In essence, fruit and vegetable growers face a "crisis of competitiveness" due to the confluence of a number of trends:

- stagnant export growth due to lack of access to foreign markets;
- heavily subsidized foreign competition;
- rapidly increasing production costs;

- the loss of cost-effective crop protection tools due to the Food Quality Protection Act and other federal laws;

- increasing import competition from growers in nations with minimal regulation;
- increasing pest and disease problems resulting from the growth of international trade;
- increasing federal and state regulation, such as clean air and clean water restrictions;
- growers of crops like tobacco and cotton converting their land to fruits and vegetables;
- a proliferation of Free Trade Agreements that do not offer any real opportunities for fruit and vegetable growers to expand exports.

As you can see from this list, our growers face many extremely difficult challenges today. Their ability to remain competitive will be further challenged by the expected reduction or phase-out of crops such as tobacco and cotton, and the expected shift of this acreage to fruits and vegetables. Trends of this nature could put enormous downward pressure on the economic returns of fruit and vegetable growers.

I want to stress that growers of fruits and vegetables have very different characteristics and needs compared with the federal program crops. As such, current agriculture policies do not adequately address the needs of our growers in meeting the challenges outlined above. Given this threat to the economic viability of fruit and vegetable growers and the communities which they sustain, a targeted federal policy response is essential.

Western Growers believes that federal agriculture policies should fully recognize the needs of fruit and vegetable growers, shippers and processors. The federal government has an important role to play in making sure that our growers can remain competitive in global markets, despite the formidable challenges faced today.

WG has partnered with other organizations to develop a comprehensive approach to federal agriculture policies that will meet the needs of specialty crop growers. The major areas of this program are as follows:

- grants and loan programs needed for investment in our industry;
- marketing;
- foreign market access;
- research and extension;
- pest and disease exclusion policy;
- conservation/environment.

The policy proposals that we believe will address these areas are incorporated into the Specialty Crop Competitiveness Act of 2003 (H.R. 3242). I would like to explain the rationale behind the federal policy changes made by this legislation and provide additional suggestions for the consideration of Congress.

Specialty Crop Block Grant Program

In 2001, Congress enacted a Specialty Crop Block Grant program as part of Market Loss

Assistance legislation approved by Congress. This program has proven to be very successful in providing states with funding needed for investment in research and strategies aimed at increasing consumption of fruits, vegetables and other specialty crops and allowing growers to become more competitive in global markets. Grants authorized by this program have gone to activities like the Produce for Better Health Foundation's national "5 A Day" nutrition campaign. So far, the \$2.5 million grant received from the 2001 block grant program has allowed the foundation to leverage an additional \$16 million in cash and in-kind promotion dollars to promote fruit and vegetable consumption.

While the 2001 block grant program was a good start, there is still a great amount of work to be done to increase consumption of nutritious fruits and vegetables in order to promote healthy eating habits among all Americans, especially children. In fact, the average American is still not consuming the recommended daily servings of fruits and vegetables, as suggested by the "5 A Day" for Better Health program sponsored by the Produce for Better Health Foundation and the National Cancer Institute. Increasing the health of all Americans through greater consumption of fruits and vegetables is critical to improving our quality of life through reduced illness, and also reducing our economic expenditures on health care.

H.R. 3242 builds on the success of the 2001 legislation by establishing a similar program through which the Secretary shall use \$470 million of funds annually for five years for block grants to the agriculture departments of the 50 states. These grants must be used to support production-related research, commodity promotion, food safety and inspection, environmental and other programs that enhance the competitiveness of specialty crop producers. Each state shall receive a minimum of \$2,000,000 for five years. The grant allocations shall be made in an amount that represents the proportion of the value of specialty crop production in the state in relation to the national value of specialty crop production for the previous calendar year. The funds shall not be used to provide direct payments to producers, and would be characterized under the WTO's "green box" category.

By promoting the consumption of fruits and vegetables, this program will boost economic productivity in the U.S., enable growers to become more competitive in world markets, and reduce long-term health care costs related to obesity and other problems arising from poor diets.

Marketing Issues

Because of the highly perishable nature of many fruits and vegetables, growers face unique and challenging marketing problems. There are many areas of federal agricultural policy which can assist U.S. growers in the effective marketing of the crops. More effective marketing will also benefit consumers by increasing the availability of nutritious fruits and vegetables at affordable prices.

Congress and the Administration should work to enhance the functioning of marketing orders and promotion programs as tools for the fruit and vegetable industry to increase consumption and to facilitate marketing opportunities. As you know, marketing orders are industry self-help

programs, in existence since 1938, which are used for collective research, promotion and quality programs. Marketing orders and promotion programs stabilize the agricultural economy, promote agricultural products, protect consumer health, and provide funding for vital research and new product initiatives. These programs benefit both growers and consumers and are important to growers if they are to remain competitive in today's markets.

However, marketing order promotion programs have come under legal and Constitutional challenges in recent years, and thus the benefits they provide to growers and consumers are in jeopardy. An elimination of marketing order promotion programs would deprive fruit and vegetable growers of the tools they need to remain competitive in today's markets. Congress needs to work with the industry to research and identify new concepts and marketing tools that can assist growers in remaining competitive.

In order to improve the ability of marketing orders to benefit growers and consumers, federal law should be changed to permit marketing order committees to implement food safety programs. This would allow growers to implement good agricultural practices, good manufacturing practices, and other food safety programs deemed to make fruits and vegetables safe for consumption purposes and free from adulteration or microbial contamination. This change would help meet the public's demand for greater levels of food safety beyond the food safety programs implemented by the government in recent years. Unfortunately, the existing law does not allow growers to adopt food safety programs under a marketing order. Western Growers believes that the law should be amended to give marketing order participants the authority to adopt new food safety programs that would improve on those measures already in existence.

Another marketing issue important to fruit and vegetable growers is the need to increase consumer awareness of the importance of nutritious fruits and vegetables to a healthy diet. While many schools are teaching school children the essentials of a balanced diet, a few school systems are using small garden plots to demonstrate the importance of fruits and vegetables and the process of food production. The Specialty Crop Competitiveness Act will expand on this concept by establishing a pilot school garden program in five states with major urban populations. This program will provide school children in these metropolitan areas with the opportunity to experience the many life-long benefits of learning about fruits and vegetables through a school garden.

Another issue that needs to be addressed is the adverse impact on growers and shippers of the USDA inspection scandal at the Hunts Point Terminal Market and the many still unresolved damage claims. Under the procedures of the Perishable Agricultural Commodities Act (PACA), even though the grower/shipper received a damage award, the defendant in the procedure can appeal and receive a *de novo* hearing in federal court. In many cases, the damages awarded to a grower/shipper will not pay for the legal proceedings involved. In one case, a shipper received an award of \$1,500 after spending over \$70,000 in legal fees in federal courts. In other cases, the wholesaler involved in the illegal activity went out of business and the shipper had no opportunity to collect a damage award. In this case, the federal government, whose employees were fully or partially responsible for the damages, should pay the award.

Clearly, the current system is not working for the growers/shippers. Because of the *de novo* procedure, which requires a new trial in a federal court that entails much costly litigation, many grower/shippers are foregoing the opportunity to obtain damages that resulted from the fraud perpetrated by USDA inspectors.

Western Growers recommends that an arbitration proceeding be created that can be used to resolve this problem for growers related to Hunts Point. In this proposal, the plaintiffs have an option to either submit the complaint to the arbitration panel or proceed through the PACA process, and the plaintiffs would be permitted to terminate their case(s) before PACA without prejudice and re-file before the arbitrator. In addition, this proposal would extend the statute of limitations for filing for damages only for those growers/shippers damaged in the Hunts Point matter.

In order to improve the accuracy and reliability of USDA's inspection and fair trading programs, the Agricultural Marketing Service has established a new National Training and Development Center (TDC) of the Fresh Products Branch. This facility is designed specifically to train federal and state government inspectors of fresh produce. It is critical that this inspection facility have the resources necessary to properly train inspectors that provide a vital service to growers and consumers alike. Improved training of inspectors is critical to preventing future scandals like that experienced at Hunts Point, and also critical for the expansion of U.S. fruit and vegetable exports. In addition to their training duties, we understand that the TDC staff is also highly trained support personnel for the purpose of administering AMS's Continuity of Operations (COOP) emergency support program.

Western Growers is aware that \$1.5 million is needed annually for the proper operation and maintenance of the TDC facility, located in Fredericksburg, Virginia. We urge Congress to immediately enact legislation to authorize this critical funding.

Foreign Market Access

A full examination of the state of the domestic fruit and vegetable industry would not be complete without some discussion of the impact of specialty crop commerce in today's global marketplace.

With a fruit and vegetable farm gate benefit to the U.S. economy of \$29.9 billion (FY 2002), \$5.5 billion is exported. Fruits and vegetables provide more value to the economy than any other agricultural sector. However, unlike many of the other agricultural crops, fruits and vegetables face a significant trade imbalance. Over the last several years, the trade deficit for fruits and vegetables has ranged from \$1.3 to \$1.8 billion annually.

Over the last seven years, U.S. imports of fruits and vegetables have increased by almost 60% (to \$7.3 billion in 2002), while U.S. exports have increased only 7.3% (\$5.5 billion). There are a number of reasons for this, one being the tremendous subsidies which the European Union provides to its industry, which exceeded \$11 billion in 2000. Plus, Japan subsidizes its fruit and vegetable growers, thereby creating incentives to deny U.S. exports entry to its market.

Additionally, the recently completed free trade agreements (FTAs) and those currently in the process of being negotiated are with countries which offer U.S. fruit and vegetable growers very limited export opportunities. Many of the countries are not economically developed enough to be able to afford high value products, and therefore the market for our exports is negligible. The fruit and vegetable industry would like to see FTAs with Asian Pacific Rim countries. While there is some ongoing trade with many of these countries, a significant number have very high tariff rates and significant phytosanitary barriers which greatly limit U.S. exports.

Since the impact of multilateral and regional trade agreements has not materialized into a favorable balance of trade for fresh and processed fruits and vegetables (HTS Chapters 7, 8 and 20), Western Growers has several recommendations that are designed to address this problem and increase U.S. exports.

Congress should direct USDA to conduct a study on why and to what extent U.S. fruits and vegetables (HTS Chapters 7 & 8) have not benefited from the Uruguay Round, and to prepare a foreign market access strategy plan aimed at increasing fruit and vegetable exports that were guaranteed access under the Uruguay Round. Included in the plan should be an assessment of known foreign trade barriers that are incompatible with the Uruguay Round, and a strategy for removing such trade barriers.

Many of the foreign trade barriers that restrict the expansion of U.S. fruit and vegetable exports are bogus phytosanitary problems used by foreign governments to block access to their market. The Technical Assistance for Specialty Crops (TASC) program was established to provide assistance to U.S. growers to engage in research and other activities needed to remove such trade barriers. Western Growers believes that we should immediately accelerate these efforts to increase exports through the removal of phytosanitary barriers by increasing TASC funding from \$2 million to \$10 million per year.

Western Growers is concerned that developing countries are being advised by representatives of the U.S. government to plant fruits and vegetables for export to the U.S. We believe that the Bush Administration should find other business candidates for assisting developing countries to increase their exports to the U.S. H.R. 3242 directs USDA's Foreign Agriculture Service and Economic Research Service to prepare a study which evaluates how the our government can best assist the economic development of developing countries without disrupting the economies of rural areas of the U.S.

It is true that the World Trade Organization Sanitary and Phytosanitary (SPS) agreement is being used to open markets. Unfortunately, this appears to be a one-way street. After almost seven years, the SPS agreement is opening the U.S. market without the promise that foreign markets being opened for our products. The problem is that there is a lack of transparency in the priorities of the Animal and Plant Health Inspection Service (APHIS) in processing SPS import and export petitions. We are not faulting APHIS for the imbalance between the agency's efforts on SPS import petitions verses export petitions, as the agency is merely responding to outside demands. To address this problem, H.R. 3242 directs APHIS to create a "Sanitary and

Phytosanitary Export Petition Division” for the sole purpose of processing the hundreds of petitions for removing SPS trade barriers in export markets which are now pending before the agency. The bill mandates that APHIS process the existing backlog of petitions within 5 years of enactment.

Improving the ability of APHIS to expedite export petitions cannot accomplish our objectives entirely. There are many SPS cases that fail to remove the trade barrier because of a lack of sufficient evidence available to the government. APHIS is not equipped to conduct this work, but the industry, with assistance from other government agencies, could develop the evidence needed to open the foreign market if the resources are made available. H.R. 3242 will provide the resources for performing much of the work to remove SPS trade barriers by increasing funding for the Technical Assistance for Specialty Crops program, which has already proven to be successful. This is a very practical step that Congress can take to help provide the market access that was promised under the Uruguay Round many years ago.

Another recommendation that will promote the growth of exports of U.S. fruits and vegetables is to ensure that a dispute resolution corporation is included in each new trade agreement the United States enters into. While questionable domestic fruit and vegetable trade practices can be resolved under the Perishable Agricultural Commodities Act (PACA), there is no mechanism for arbitration with international trade problems, other than the dispute resolution corporation (DRC) established under the North American Free Trade Agreement (NAFTA). The NAFTA DRC provided for the establishment of a tri-national fruit and vegetable dispute resolution body whereby policies, standards and services necessary for resolving disputes could be handled in a timely and cost-effective manner. The NAFTA DRC has been particularly helpful in facilitating trade in perishable commodities among the three NAFTA countries and has led to fair and consistent trade practices. This method of adjudication has proven very effective for the NAFTA countries and will provide a means for promoting international trade in fruits and vegetables with other nations if incorporated into future trade agreements. This, in turn, will help U.S. growers to be more competitive in world markets.

Another important component of a comprehensive strategy to increase exports of U.S. fruits and vegetables is to establish a new USDA office that will focus solely on representing U.S. grower interests in international matters concerning intellectual property rights (IPR). We recommend that USDA establish an office for encouraging the development and protection of intellectual property rights for plants. This office will be directed to work closely with the Office of Patents, Trademarks and Copyrights at the Department of Commerce in implementing these goals.

Finally, Western Growers would like to thank the you, Mr. Chairman, and the other members here today for your strong support for the Market Access Program (MAP). This program has proven to be very successful in assisting U.S. fruit and vegetable exports to be more competitive in world markets, and it is critical that Congress fund MAP at the maximum authorized level.

Specialty Crop Research

As U.S. specialty crop growers try to remain competitive with other sources of fresh produce,

being able to economically produce crops and avoid environmental damage is critical. In the face of increasing scrutiny over the impact of agricultural practices on air, water and soil quality and endangered species, production costs for growers have been increasing rapidly. The loss of effective crop protection tools due to the enactment of the Food Quality Protection Act has also resulted in increased production costs. Thus, focusing USDA research and resources on identifying and developing economical and environmentally sustainable solutions to the challenges facing today's growers is vital for this sector of the industry to remain competitive.

A prime example of this is the need to develop safe and cost effective alternatives to methyl bromide as its use is phased out under international agreements. Western Growers urges Congress to direct USDA to prioritize methyl bromide alternative research and extension activities, which identify – with growers and the crop protection industry – the hurdles, both scientific and economic, to registration of alternatives. The development of any alternative technique to methyl bromide must include analysis of the cost to the grower or processor associated with the new technique, and how the cost will relate to international trade, especially in competition with countries not prohibited from using methyl bromide. Western Growers recommends that funding be authorized for competitive research and extension grants to identify and assist in bringing cost-effective alternatives to market, as well as for demonstration projects for specialty crops.

In addition, with the development of new scientific information on methyl bromide's impact on the environment, we also believe that it makes sense for Congress to reexamine the risks and benefits of extending the current phase-out deadline.

Other research and extension areas identified by Western Growers as important investments to improve competitiveness of the fruit and vegetable industry include:

- Funding for the Economic Research Service to quantify the benefits for clean air and the environment of the fruit and vegetable industry in relation to urban sprawl.
- Additional funding for the Agricultural Research Service to improve the quality of fresh fruits and vegetables and to complement the ongoing food safety work of the agency. This quality research is the foundation for continued gains in “value-added” produce products, which have received a very positive response from consumers. For example ARS research in plastics that help to maintain the freshness of fresh produce has greatly expanded our markets. Similarly, a better understanding of the sources of microbiological contamination has benefited the industry.
- The formalization of regional integrated pest management centers within the Cooperative State Research Education, and Extension Service. These regional centers should be authorized to receive appropriations to:
 - o conduct research to develop cost effective and efficacious new crop protection tools and integrated pest management systems to address the loss of key pesticides due to environmental regulation;

- o interact with growers and other stakeholders to establish regional priorities for research and extension activities;
 - o promote extension activities, including on-farm demonstrations, to identify and demonstrate applications of economic and effective pest control methods. This function is particularly critical given the impact of declining state budgets on the ability of state extension agents to provide support to growers;
 - o provide data on pest control methods and usage to USDA agencies and EPA; and,
 - o award competitive grants to eligible degree-granting colleges and universities for integrated agricultural research, education, and extension projects. Peer review panels would be established within each region to review competitive grant applications and would include peers with knowledge of fruits and vegetables. At least 40% of the reviewers would be non-university personnel.
- Additional funding for APHIS to identify and prioritize the harmful economic and health impacts of foreign invasive pests and diseases and to develop appropriate eradication and control programs.

Finally, Western Growers recommends that Congress create the National Specialty Crop Development Initiative, an integrated competitive grant program supported with \$30 million annually. This program is a long-term investment to improve efficiency and competitiveness of fruit and vegetable growers in the world marketplace, and all colleges and universities as well as private organizations would be eligible to compete for the grants.

Pest and Disease Exclusion

Along with the increase in international trade that we are experiencing comes an increase in threats to U.S. fruit and vegetable crops from invasive pests and diseases from abroad. In order to meet these increased threats, greater levels of assistance and resources are necessary for APHIS. This agency is not only responsible for ensuring that imports will not add to the pests already in the U.S., but also is instrumental in helping U.S. producers find solutions to phytosanitary concerns of importing countries so that U.S. growers can export.

Western Growers believes that APHIS must work to become a model of how petitions for importing fruits and vegetables into the U.S. are evaluated. In our experience, the phytosanitary trade barriers of other countries which block U.S. exports are often not based on valid scientific evidence, but are merely thinly disguised protectionist measures. Unfortunately, APHIS is in a similar position when decisions on import petitions are subject to political and other pressures. Any effort to strengthen and increase the transparency of APHIS's process for evaluating import petitions will ultimately help the U.S. to increase exports by providing other nations with a model on how to evaluate phytosanitary matters.

As the arena of pest risk assessments and measures for pest exclusion are rapidly developing, Western Growers recommends that Congress enact legislation that requires APHIS to develop a process whereby critical decisions are subjected to scientific peer review. We believe this is essential in order to ensure that the best science available is being used to make regulatory decisions regarding pests and diseases that can devastate our industry. Other government agencies have successfully utilized a peer review mechanism, notably the Environmental Protection Agency, and we believe it is now time for APHIS to follow suit.

Also of concern to fruit and vegetable growers is the potential of increased introduction of new pests with the changed focus for border protection in the United States. With the formation of the Department of Homeland Security (DHS) and its focus on protecting the American people from terrorism, Western Growers fears that the need to focus on preventing the introduction of harmful pests and diseases into the U.S. could be lost or compromised. The DHS's current plans to train the front-line inspectors ("one-face-at-the-border" program) require only 2 days for training on agricultural inspections out of 71 total training days. In contrast, under APHIS's management of this responsibility, agricultural inspectors underwent 3 months of training and had to have a degree in biology. Needless to say, we do not believe that 2 days of training is adequate.

APHIS already has been unable to keep up with the increasing trade of agricultural products and other goods that may carry pests, as well as the increased number of foreign travelers. Each new pest that is introduced in the U.S. increases the cost of production and closes potential export markets for our growers. It is critical to the health and competitiveness of the fruit and vegetable industry to maintain strong protection of U.S. borders against the introduction of harmful pests.

Planting Fruits and Vegetables on Subsidized Acreage

Western Growers strongly supports the current policy of prohibiting fruits and vegetables from being grown on subsidized acreage enrolled in the USDA farm programs. This is essential to ensure that growers of fruits and vegetables who do not receive subsidies are not put at a competitive disadvantage or subject to the disruption of produce markets due to artificially imposed signals arising from changes in government policy.

Along with other produce organizations, WG worked hard to ensure that Congress abided by this policy in writing the 1990, 1996 and 2002 Farm Bills. The 2002 Farm Bill prohibits the harvesting of fruits and vegetables on all USDA contract acres, with certain narrow exceptions specified in the law. WG will strongly oppose any new legislation that would allow subsidized producers to compete against non-subsidized growers in the production of fruits and vegetables.

Western Growers remains committed to ensuring that the fundamentally fair policy of prohibiting subsidized growers from competing against growers who do not receive government assistance in fruit and vegetable production remains the law of the land, and that the law is effectively enforced. Our growers face enough challenges competing against subsidized producers in foreign countries without having to deal with the same problem among U.S.

growers. Growers already have maximum flexibility to grow fruits and vegetables as long as they are willing to forgo federal program subsidies.

Conclusion

Again, Mr. Chairman, thank you for the opportunity to testify at this important hearing. Western Growers looks forward to working with you and your colleagues to improve federal agriculture policy for specialty crop growers through the Specialty Crop Competitiveness Act of 2003 during the 108th Congress.

Attachment A

U.S. Specialty Crop Economic Values - 2002

(Figures in billions of dollars)

<u>Type of Specialty Crop</u>	<u>Farmgate Value</u>
Fruits, Vegetables and Nuts	\$29.9
Forage (hay, pasture, seeds, and minor field crops, hops)	\$12.5
Nursery	\$9.4
Floral Industry	\$4.9
Winegrapes	\$2.0
<u>Total</u>	<u>\$58.7</u>

Attachment B

Comparison of Economic Values

Specialty Crops and Program Crops

<u>Category</u>	<u>Specialty Crops</u>	<u>Program Crops</u>
<i>(in billions U.S. \$ for FY 2002)</i>		
Farmgate Value	\$58.7	\$47.9
Farmgate Export Value	\$9.3	\$22.2
Value of Imports	\$11.4	\$3.9
Free Trade Agreement Benefits	No	Yes

SOURCE: USDA/ERS; USITC Trade DataWeb